

Washington State Auditor's Office
Audit Reports Disclosing Fraud
January 1, 2002 Through December 31, 2002

Entity Name	Audit Report Number	Amount	Detection Method	Fraud Description
University of Washington Medical Center, Materials Management. Payroll and personal use of facilities and equipment	6294	\$8,832	Agency	A nurse claimed stand-by time on her time sheet from the time she left work until the time she began her next shift, except when on vacation, believing she was entitled to it because she had been asked to carry a pager. The individual was on temporary appointment in one Department, but submitted her time sheet to her home Department for approval. Her home Department did not have direct knowledge of her schedule or hours worked. The Nurse was overpaid for 2,944 hours.
Bellevue Community College. SCAN card use	6297	\$5,843	Agency	An unknown party made unauthorized long-distance telephone calls to the Middle East during 2001. The caller apparently had accessed an employee's SCAN code by using random number searches. The code was immediately deactivated after the unauthorized calls were discovered.
Douglas County Parks and Recreation Department. Cash receipts)	63000	\$11,784	Agency/ Auditor's Office	The County identified two cash shortages totaling \$890 and one missing deposit of \$966 at the Parks and Recreation Department. Our audit found additional missing deposits and cash shortages totaling \$9,928 during calendar year 2000. The Department's accounting records were in disarray during this period, and numerous internal control weaknesses were noted. As a result, the County was not able to determine who was responsible for the loss.
Ocosta School District Vocational Education Department. Payroll	Letter	\$7,427	Agency	While the Vocational Director did not attend assigned meetings for a decade, she was paid for time spent at the meetings because the District she was attending. Thus, these wages were not earned.
University of Washington Diabetes Endocrinology Research Center. Payroll	Statewide Single Audit Report	\$30,589	Auditor's Office	A Center employee was granted a salary increase without proper authorization. Rather than request a reclassification of the employee's position, management allowed the employee to add approximately eight hours of additional overtime to each monthly time sheet. The employee claimed this overtime for 16 years while working for four different Center managers. Time sheets, work and leave records, exception time reports, and the federal monthly grant certification reports were falsified.
Skagit County Transfer and Recycle Center. Missing bank deposits	63300	\$10,368	Agency/ Auditor's Office	A Cashier did not make daily bank deposits after collecting funds from customers. In all, \$20,179.88 from six deposits was not made promptly. When these discrepancies were brought to the attention of the Cashier, she indicated that the bank was in error. However, she subsequently made the bank deposits for four of the missing dates, leaving the misappropriation at \$5,442. Also, \$4,926 in customer collections was not deposited, which was not detected in a timely manner. The County was not able to determine who was responsible due to poor internal controls
Town of Kahlotus. Payroll and accounts payable	63411	\$10,627	Agency	The Clerk-Treasurer misappropriated funds from the City by claiming and receiving monetary compensation in lieu of receiving medical insurance coverage while enrolled in the medical insurance plan, thus receiving a double benefit. The employee repaid \$487 to the City for this unauthorized benefit. Also, she received family medical coverage when City medical coverage is only for employees, issued a payroll check to herself for \$500 more than approved by the Council and issued checks to herself and vendors for personal purposes.

Washington State Auditor's Office
Audit Reports Disclosing Fraud
January 1, 2002 Through December 31, 2002

Entity Name	Audit Report Number	Amount	Detection Method	Fraud Description
Eastern Washington University Printing Services Department. Sale of public assets for personal gain	Letter	\$5,410	Citizen	A vendor notified the University that an employee was selling public assets on the Internet. The University's Police Department found that the Printing Service Program Coordinator took six cases of toner, one spool of stitcher wire, one box of developer, and three photoreceptors that were subsequently sold on e-Bay. He subsequently resigned.
Liquor Control Board. Vendor overpayments	6324	\$839,707	Agency	A freight vendor over-billed the Board and received unauthorized payments for 21/2 years. The vendor billed the Board for inflated weights on legitimate deliveries, non-existent deliveries, and duplicate or repetitive deliveries. The vendor also did not bill the Board for all legitimate freight deliveries made during the audit period. A Board employee assigned to a position outside the freight vendor payment process received and approved the vendor's billings for payment and then delivered them to accounts payable for processing. This employee also picked up checks written to the vendor and personally delivered them to him in the organization's parking lot. The vendor also was not required to submit original bills for payment. In addition, staff was not required to verify reported deliveries or the reported weights of those deliveries. In addition, the Board was unable to find any employment contract for the freight carrier and was at a loss to explain who hired the vendor or how the vendor was hired in the first place.
Ferry County Sheriff's Department. Vehicles, equipment and supplies	63643	\$15,413	Agency	The Sheriff transferred title to three County-owned vehicles into his own name and the title to another vehicle into the name of the Undersheriff, who accepted title to the vehicle, without County approval and without compensating the County. After ownership of the vehicles was transferred to the Sheriff, an engine and other high-performance engine modifications were purchased for one of the vehicles. Federal funds were used for these purchases.
Thurston County Cemetery District No. 2. Payroll	63892	\$29,452	Agency	The Cemetery Caretaker submitted fictitious payroll claims to the County for payment without approval by the Cemetery Commissioners for at least four years. Accounting records were falsified and destroyed in an attempt to conceal these losses.
University of Washington Medical Center Surgical Services and Interpreter Services. Payroll	6331	\$17,482 \$12,389	Agency	A Registered Nurse (\$17,482) and a Medical Interpreter (\$12,389) received salaries and benefits for time not worked. Although the Department had time sheets indicating that the employees had taken leave without pay, the proper personnel action forms were not submitted and recorded in the University's payroll system. In addition, these employees did not notify the University of the unearned payments.
Washington State University College of Business and Economics. Payroll	Letter	\$15,655	Agency	A former employee made fictitious claims for the payment of wages on two, non-existent, temporary appointments during 2000 and 2002. This was discovered after the individual's employment at the University was terminated.

Washington State Auditor's Office
Audit Reports Disclosing Fraud
January 1, 2002 Through December 31, 2002

Entity Name	Audit Report Number	Amount	Detection Method	Fraud Description
Benton County	64155	\$52,723	Agency	A Branch Manager falsified his timesheet for more than three years to show that he worked standby hours that other District employees actually worked. He then paid the other employees in cash for the hours they worked. The District incurred excessive payroll expenses and the Manager falsely increased his retirement benefits because his rate of pay was higher than the other employees.
Eastern Washington University Body Shop. Cash receipts	Letter	\$7,239	Agency	The Director of the Body Shop did not deposit all funds collected. He stole the currency from missing bank deposits totaling almost \$15,000, but subsequently returned the checks during a police investigation of the losses. The University was able to process most of the returned checks in order to reduce the amount of the loss (net loss amount indicated).
State Agencies and Local Governments (40 Cases) - Summary of All Cases Less Than \$5,000	Various	\$41,388	Various	Losses included: Shortages from changes funds and cash receipts (\$21,717); Payroll (\$9,646); Cash disbursements (\$5,095); Long-distance telephone abuse (\$1,154); and Theft or misuse of equipment (\$3,776).
	Cases	Amount		
State agencies	24	\$952,105		
Local governments	32	\$170,223		
Total 2002 Fraud Audit Reports	56	\$1,122,328		